

AMENDED IN SENATE APRIL 7, 2010

SENATE BILL

No. 965

**Introduced by Senator DeSaulnier
(Coauthors: Senators Correa, Ducheny, Leno, Lowenthal, and
Oropeza)**

February 5, 2010

An act to add Section 185036.5 to the Public Utilities Code, relating to transportation, ~~and making an appropriation therefor.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 965, as amended, DeSaulnier. High-speed rail.

Existing law, the California High-Speed Train Act, creates the High-Speed Rail Authority to develop and implement a high-speed train system in the state, with specified powers and duties. Existing law, the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, approved by the voters as Proposition 1A at the November 4, 2008, general election, provides for the issuance of \$9.95 billion in general obligation bonds for high-speed rail and related purposes.

This bill, *subject to appropriation by the Legislature*, would authorize the authority to ~~receive and expend any federal funds awarded to the authority for the purposes of developing a project or projects along the high-speed rail network, thereby making an appropriation made available by the federal American Recovery and Reinvestment Act (ARRA) for high-speed rail purposes.~~ The bill would require the authority to take various actions in that regard. The bill would also require the authority to submit to the Legislature an expenditure plan for the federal funds within ~~30~~ 60 days of enactment of this act *or upon finalization of a cooperative agreement with the federal government, whichever occurs later*, and to submit a progress report on expenditure

of the funds to the Legislature ~~within 180 days of the award of those funds on the following December 31~~ and annually thereafter. The bill would make legislative findings and declarations relative to the award of federal funds to the state ~~under the federal American Recovery and Reinvestment Act (ARRA)~~ by ARRA for high-speed rail purposes. *The bill would exempt the Transbay Terminal project in San Francisco from these provisions if ARRA funds are made available to the Transbay Joint Powers Authority for that project.*

Vote: majority. Appropriation: ~~yes~~-no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) With the enactment of the federal American Recovery and
- 4 Reinvestment Act (Public Law 111-5, ARRA) on February 17,
- 5 2009, the federal government made available a grant program in
- 6 which states may apply for \$8 billion in federal funds for the
- 7 development of high-speed rail throughout the nation.
- 8 (b) On October 2, 2009, the California High Speed Rail
- 9 Authority (HSRA) submitted to the Federal Railroad
- 10 Administration (FRA) an application for \$4.73 billion in federal
- 11 funds to further the development of high-speed rail in California.
- 12 (c) The HSRA's application for funds proposes to expend federal
- 13 ARRA grants awarded to the authority to make improvements to
- 14 four distinct rail corridors in California, which include:
- 15 (1) San Francisco to San Jose.
- 16 (2) Merced to Fresno.
- 17 (3) Fresno to Bakersfield.
- 18 (4) Los Angeles to Anaheim.
- 19 (d) On January 28, 2010, the United States Department of
- 20 Transportation awarded the HSRA \$2.25 billion to advance the
- 21 development of a high-speed rail system in this state.
- 22 (e) The HSRA has estimated that it intends to match the awarded
- 23 federal funds with state bond funds made available with the passage
- 24 of Proposition 1A in November 2008, the Safe, Reliable
- 25 High-Speed Passenger Train Bond Act for the 21st Century
- 26 (Chapter 20 (commencing with Section 2704) of Division 3 of the
- 27 Streets and Highways Code). The total investment to improve the

1 identified rail corridors could be as much as \$4.5 billion in
2 combined federal and state funds.

3 (f) The HSRA estimates that 60,277 jobs will be created or
4 maintained by the investment of these funds in the dozens of
5 construction projects along the eligible corridors throughout
6 California.

7 (g) It is necessary to provide the HSRA with unambiguous
8 statutory authority to ~~receive and expend federal funds awarded~~
9 ~~to the HSRA~~ *expend, upon appropriation, federal ARRA funds* for
10 the purposes described in its application of October 2, 2009.

11 (h) Moreover, it is in the state's interest to obligate and expend
12 awarded funds as expeditiously as possible and in a manner
13 consistent with the voters' expectation when they passed the Safe,
14 Reliable High-Speed Passenger Train Bond Act for the 21st
15 Century in order to expand job creation and to complete vital
16 infrastructure improvements as soon as possible.

17 SEC. 2. Section 185036.5 is added to the Public Utilities Code,
18 to read:

19 185036.5. (a) The authority may ~~receive and expend any~~
20 ~~federal funds awarded to it for the purposes of developing a project~~
21 ~~or projects along the high-speed rail network.~~ *expend federal funds*
22 *made available through the American Recovery and Reinvestment*
23 *Act of 2009 (Public Law 111-5, ARRA), upon appropriation of the*
24 *Legislature, as follows:*

25 (1) *For the purpose of conducting environmental studies,*
26 *planning, and preliminary engineering activities. If matching funds*
27 *are required, proceeds of the Safe, Reliable, High-Speed Passenger*
28 *Train Bond Act for the 21st Century (Chapter 20 (commencing*
29 *with Section 2704) of Division 3 of the Streets and Highways Code)*
30 *shall be used for this purpose, consistent with the provisions of*
31 *subdivision (b) of Section 2704.08 of the Streets and Highways*
32 *Code and subject to the conditions in subdivision (g) of Section*
33 *2704.08 of that code.*

34 (2) *For the purpose of capital expenditures, as defined in*
35 *subdivision (c) of Section 2704.04 of the Streets and Highways*
36 *Code. If matching funds are required, proceeds of the Safe,*
37 *Reliable, High-Speed Passenger Train Bond Act for the 21st*
38 *Century (Chapter 20 (commencing with Section 2704) of Division*
39 *3 of the Streets and Highways Code) shall be used for this purpose,*

1 *subject to the provisions of subdivision (d) of Section 2704.04 of*
2 *the Streets and Highways Code.*

3 (b) The authority shall take those actions necessary to ensure
4 any federal funds ~~awarded~~ *appropriated* to it are obligated and
5 expended in a manner that (1) meets all applicable federal deadlines
6 ~~for funding obligation and expenditure~~ *obligating and expending*
7 *the funds*, (2) maximizes job creation in California at the earliest
8 feasible time, (3) expedites the completion of vital *high-speed rail*
9 infrastructure projects that improve ~~rail~~ *rail-highway* safety,
10 mobility, and performance, (4) makes the most efficient use of
11 available state bond funds, including replacing bond funds for
12 project expenditure with available federal funds where feasible,
13 and (5) is consistent with current state law.

14 (c) With respect to the award of federal funds for the
15 development of the high-speed rail network in California, the
16 authority shall, within ~~30~~ 60 days of enactment of the act adding
17 this section, ~~submit to the Legislature a~~ *or upon finalization of a*
18 *cooperative agreement with the federal government for the use of*
19 *ARRA funds awarded to the authority, whichever occurs later,*
20 *submit to the Legislative Analyst's Office, and to the legislative*
21 *fiscal committees and policy committees having jurisdiction over*
22 *transportation matters, an adopted plan for the expenditure of*
23 *those funds. The plan shall include an itemization of the projects*
24 *proposed for funding, the location of those projects, the amount*
25 *of federal and state funds, including state bond funds, proposed to*
26 *be committed to each project, the proposed completion date of*
27 *each project, and the number of jobs each project is estimated to*
28 *create or maintain in California.*

29 ~~(d) Within 180 days of receiving an award of federal funds for~~
30 ~~the development of the high-speed rail network in California, and~~
31 ~~all of the following:~~

32 (1) *A description of the projects proposed for funding, including*
33 *a discussion of each project's independent utility.*

34 (2) *The location of each project.*

35 (3) *The baseline budget for each project, including the project*
36 *support cost and the estimated project capital cost.*

37 (4) *The amount of federal and state funds, including state bond*
38 *funds, as well as any private funds, proposed to be committed to*
39 *each project.*

1 (5) *The proposed baseline schedule, with project milestones,*
2 *and the completion date of each project.*

3 (6) *The number of jobs each project is estimated to create or*
4 *maintain in California.*

5 (d) *On December 31 following the preparation of the plan*
6 *required by subdivision (c), and annually thereafter, the authority*
7 *shall submit a an adopted progress report to the legislative fiscal*
8 *committees and the policy committees having jurisdiction over*
9 *transportation matters describing the progress it is making in*
10 *obligating and expending available federal funds and in completing*
11 *the projects identified for funding pursuant to the plan described*
12 *in subdivision (c). Drawing on the plan prepared in*
13 *accordance with subdivision (c), the progress report shall include*
14 *all of the following:*

15 (1) *The status of the baseline budget, by contract, for capital*
16 *and support costs.*

17 (2) *Expenditures to date, by contract, for capital and support*
18 *costs and an estimate of expenditures and work to be completed*
19 *in the following 12 months.*

20 (3) *A baseline schedule by project, including project milestones,*
21 *and the status of the schedule.*

22 (4) *A detailed explanation for any deviation from the baseline*
23 *budget and the baseline schedule, including an explanation of any*
24 *change to the scope of the projects, any issues with regulatory*
25 *agencies, and other conditions affecting the project delivery.*

26 (e) *If ARRA funds are made available to the Transbay Joint*
27 *Powers Authority from the grant awarded to the authority for*
28 *purposes of constructing the Transbay Terminal, that project shall*
29 *not be subject to the provisions of this section.*